

BUDGET ENACTMENT

6130

(Revised 10/2017)

The Senate Budget and Fiscal Review Committee and the Assembly Budget Committee are the two legislative committees that hear the Budget Bill. See SAM 6945, Legislative Process. They each assign items in the bill to several subcommittees (by major subject areas such as Education or Health and Human Services) which conduct budget hearings. These hearings generally begin in February. The Legislative Analyst is appointed by the Joint Legislative Budget Committee and is charged with providing a nonpartisan analysis and recommendations for changes to the Governor's budget plan. The Legislative Analyst publishes a number of reports on its website and in hard copy form that include these analyses and recommendations.

In addition to the Legislative Analyst, Finance and departments typically provide testimony at the subcommittee hearings. Input is generally provided by partisan fiscal committee consultants of both the majority and minority parties. Additionally, lobbyists and the public may provide testimony at the hearings.

Finance proposes adjustments to the Governor's Budget through "Finance Letters." By statute, Finance is required to give the Legislature all proposed adjustments, other than Capital Outlay and May Revision, to the Governor's Budget by April 1. Capital Outlay adjustments are due by May 1. The traditional May Revision adjustments are due by May 14, and consist of an update of General Fund revenues and changes in proposed expenditures for school funding requirements pursuant to Proposition 98, caseload, enrollment, or population. The Legislature typically waits for the May Revision update before final budget decisions are made on major programs such as Education, Corrections, and Health and Human Services.

Typically, when the subcommittees complete their actions, they report their recommendations to the full committee. Upon adoption of the budget by the full committee, a recommendation is made to the Floor (full house). Upon simple majority vote of the house, the Budget Bill is passed to the other house. A Budget Conference Committee is then appointed to work out differences between the Senate and Assembly versions of the bill. Upon completion of action by the Conference Committee and a simple majority vote, this conference version is then sent to the two houses for approval.

Sometimes the Conference Committee does not reach final resolution on the budget. This stalemate typically results from non-resolution of a few major issues. These issues are then resolved by the "Leadership" or "Big 5" (Governor, Speaker of the Assembly, President Pro Tempore, and the minority leaders of both houses).

When the Budget Bill receives a simple majority vote of each house, it is passed on to the Governor. The Constitution allows the Governor to reduce or eliminate an item of appropriation.

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The Constitution requires the Legislature to submit a balanced budget to the Governor for consideration, and the Governor sign a balanced budget. The Constitution also requires the Legislature to pass a Budget Bill by June 15, or forfeit their pay during any delay.

Finance publishes these two particular documents upon enactment of the Budget Act which are available for purchase in hard copy from the Office of State Publishing and are available on Finance's website:

- Final Budget Summary – An annotated version of the Budget Act which includes summary tables, technical corrections to the Budget Act, and the effect of vetoes on the items and sections of the Budget Act.
- Final Change Book – The detail of changes between the January 10 budget proposal and the enacted budget.

Often budget changes proposed by the Governor or the Legislature require changes to existing law in order to implement. To accomplish this, various separate bills (called "trailer bills" because they trail the Budget Bill) are introduced to implement these changes. By law, all proposed statutory changes necessary to implement the Governor's Budget are due to the Legislature by February 1.